EFFECT OF LIQUIDITY, PROFITABILITY, LEVERAGE, FIRM SIZE AND SALES GROWTH ON FINANCIAL DISTRESS OF PROPERTY AND REAL ESTATE COMPANIES LISTED ON THE INDONESIAN STOCK EXCHANGE

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ABSTRACT

This study aims to find out and analyze the influence of liquidity, profitability, leverage, firm size, and sales growth on the financial distress of property and real estate sector companies   listed on the Indonesia Stock Exchange during 2017-2021. The data analysis technique of this study uses descriptive analysis and logistic regression analysis with the help of SPSS statistical software version 21. The population of this study is property and real estate sector companies listed on the Indonesia Stock Exchange during 2017-2021. The sample used in this study is 46 companies in the property and real estate sector listed on the Indonesia Stock Exchange during 2017-2021. The sample determination uses the purposive sampling method and the data analysis technique used is logistic regression. The Independent Variables are liquidity, profitability, leverage, firm size, and sales growth which are tested for their effect on financial distress as dependent variables. The results of this study show that liquidity and profitability have a positive effect on financial distress, while firm size has a negative effect on financial distress. On the other hand, leverage and firm size have not been shown to have a significant effect on financial distress.

Keywords: Liquidity, Profitability, Leverage, Firm size, Sales growth, Financial Distress

PENGARUH LIKUIDITAS, PROFITABILITAS, LEVERAGE, FIRM SIZE DAN SALES GROWTH *TERHADAP* FINANCIAL DISTRESS *PADA PERUSAHAAN* PROPERTY & REAL ESTATE *YANG TERDAFTAR DI BEI*

ABSTRAK

Penelitian ini bertujuan untuk mengetahui dan menganalisis pengaruh likuiditas, profitabilitas, leverage, firm size, sales growth *terhadap* financial distress *perusahaan sektor property dan real estate yang terdaftar di Bursa Efek Indonesia selama tahun 2017-2021. Teknik analisis data penelitian ini menggunakan analisis deskriptif dan analisis regresi logistik dengan bantuan software statistic SPSS versi 21. Populasi penelitian ini adalah Perusahaan sektor property dan real estate yang terdaftar di Bursa Efek Indonesia selama tahun 2017-2021. Sampel yang digunakan dalam penelitian ini adalah 46 perusahaan sektor property dan real estate yang terdaftar di Bursa Efek Indonesia selama tahun 2017-2021. Penentuan sampel menggunakan metode purposive sampling dan teknik analisis data yang digunakan adalah regresi logistik. Variabel Independen adalah likuiditas, profitabilitas,* leverage, firm size, sales growth *yang diuji pengaruhnya terhadap* financial distress *sebagai variabel dependen. Hasil penelitian ini menunjukkan bahwa likuiditas dan profitabilitas berpengaruh positif terhadap* financial distress*, sedangkan* firm size *berpengaruh negatif terhadap* financial distress*. Di sisi lain,* leverage *dan* firm size *tidak terbukti memiliki pengaruh yang signifikan terhadap* financial distress*.*

Kata kunci*: Likuiditas, Profitabilitas,* Leverage, Firm size, Sales growth, Financial Distress

INTRODUCTION

In the current era of globalization, companies are required to be more able to compete by showing various advantages to dominate the market because not only in the domestic scope but also competing with foreign companies. Changes in economic conditions always affect the activities and performance of companies that are required to compete by showing their various advantages. The tighter the competition between companies, the more costs are incurred by the company to maintain the survival of its business. If the company is unable to maintain its performance, the company will lose competition and cause financial distress or financial difficulties. If the financial distress condition is not immediately addressed, it will result in the bankruptcy of the company and be removed from the Indonesia Stock Exchange (IDX).

The condition of financial distress is often equated with bankruptcy, even though financial distress and bankruptcy are two different things. Financial distress describes a company that cannot manage and cannot compete with other companies. Signs of financial distress can be known from the financial performance reflected in the financial statements of a company. Financial distress begins with an inability to meet its obligations, such as short-term liabilities such as liquidity obligations and liabilities in the solvency category. The impact arising from financial distress is that creditors and investors tend to be cautious in investing in these companies. Financial distress can occur in any company, both small and large. The company is said to be experiencing (Azalia & Rahayu, 2019) financial distress, if the company's condition, which can be seen from negative operating profit for several consecutive years, stops paying dividends, and restructures the company.

Bankruptcy in a company is the least desirable condition for business people because bankruptcy is the end of the survival of a company, but in reality, there are still many companies that are unable to predict financial distress so that it leads to bankruptcy. Bankruptcy shows the company's failure to carry out the company's operational activities to generate profits which results in the company being unable to maintain and carry out its business continuity. The company should be able to predict the occurrence of a (Hernadianto et al., 2020)financial distress, one way is by analyzing the company's finances through the financial statements presented and knowing the state and development of the company's finances from year to year, this is done so that the company can survive and avoid financial distress.
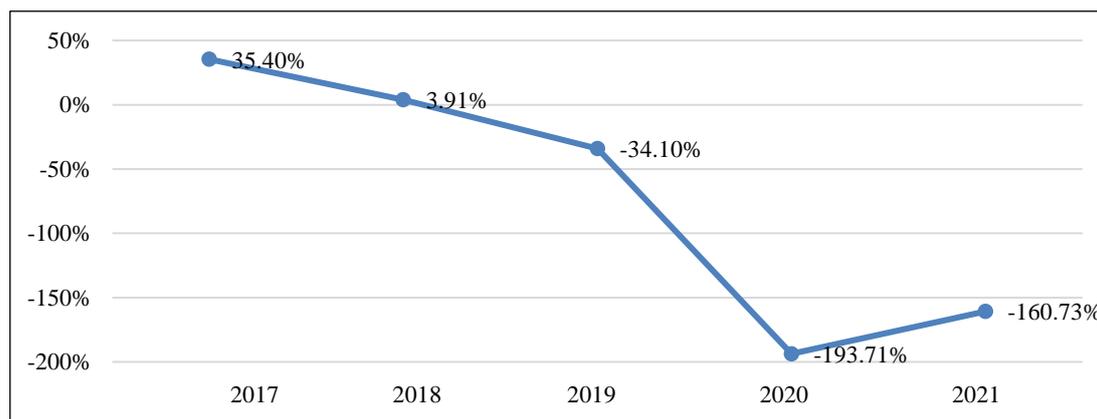
The common cause of bankruptcy in property & real estate companies is the weakening of people's purchasing power caused by changes in interest rates. The rise and fall in stock prices is caused by the decline in commodity prices in the property & real estate sector, the reduced demand for commodities in the property & real estate sector for export destination countries due to the impact of the economic slowdown in export destination countries. There are other factors that affect the stock price of the property & real estate sector such as company performance, industrial performance, macroeconomics, and fluctuations in the rupiah exchange rate. Bankruptcy should be of particular concern to stakeholders within the company, including owners, managers, investors, creditors, business partners, as well as government agencies. Therefore, bankruptcy prediction must be carried out as a preventive measure to reduce the level of risk and danger of corporate bankruptcy (Septiani & Dana, 2019; Alkhatib & Bzour, 2011)
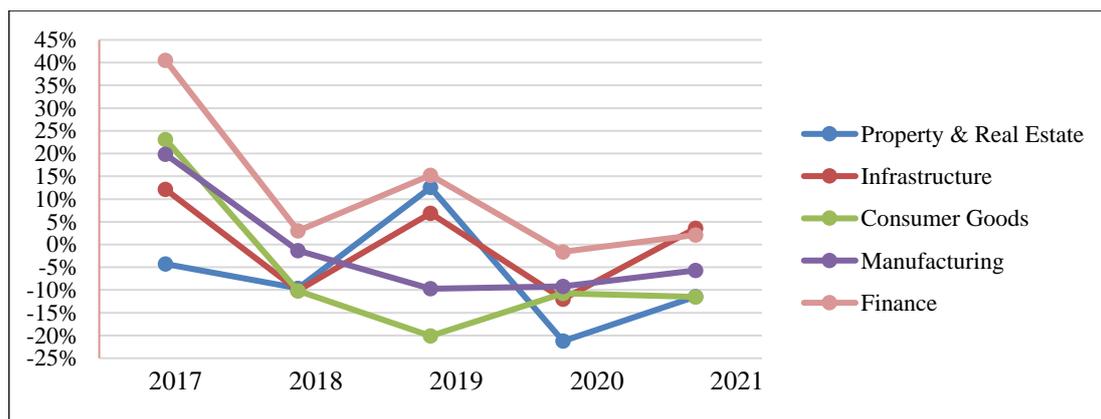
Source: Bappenas (2021)
Figure 1. Sector Contribution to GDP in 2017-2021

The Figure 1 shows that the property & real estate sector is more volatile than other sectors. In the stock price index in 2017-2021, the property & real estate sector tends to experience a significant decline. In this figure, it can be seen that in 2017 it decreased by -4.31%, while in 2018 property & real estate companies experienced a decrease of -9.64%. In 2019, it increased by 12.54%, while the property & real estate sector ranked lowest in 2020 in the performance of the all-sector index at -21.23%. This is due to the Covid-19 pandemic and the PSBB policy, so that the stock price in the property sector company has decreased significantly. In 2021, the property & real estate sector experienced an increase of -11.43%.

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Source: Processed Data (2022)
Figure 2. Property & Real Estate Sector Profit Growth

Figure 1.2 shows that the property & real estate sector has experienced a decline in profit from year to year. In 2018, the profit growth of the property & real estate sector decreased by 3.91% from 35.40% in 2017. In 2019 the property & real estate sector experienced a decline of -34.10%. In 2020, there was a significant decrease of -193.71% caused by the spread of the coronavirus which caused a decrease in profits in the property & real estate sector. Meanwhile, in 2021 property & real estate experienced an increase of -160.73%. If the company's profit from year to year continues to decline, it is feared that the company will experience financial distress. In the above phenomenon, it can be concluded that the property & real estate sector has experienced a significant decline in the stock price index and profit growth. This is due to several factors that affect the occurrence of financial distress. There are several ways to classify whether the company is experiencing financial distress or not.

One of the factors that affects financial distress in companies is the liquidity ratio. Liquidity is usually used as a consideration for whether a company is eligible to receive an injection of funds from investors. If the company has a high level of liquidity, it is unlikely that the company will experience financial distress. This indicates that the company is in a liquid condition, meaning that with a high level of liquidity, the company will be able to meet its operational funds and be able to pay off its short-term obligations. On the other hand, if the company is in an ill-liquid condition or is unable to meet its operating funds and pay off its short-term obligations, the potential for the company to experience financial distress is even higher. This research is in line with research conducted by proving that liquidity has a positive effect on financial distress (Septiani & Dana, 2019). This study is in line with research proving that liquidity has a negative effect on financial distress (Ngadi & Ekadjaja, 2019). This shows that the higher the liquidity, the lower the financial distress experienced by the company because the company is able to meet its operational funds and short-term obligations. This is not in line with research conducted by proving that liquidity has no effect on financial distress (Rahma, 2020). This shows that the size of the liquidity of non-financial companies is not able to indicate the financial difficulties experienced by the company.

The second factor that affects financial distress in companies is profitability. Profitability in a company can be used as a measuring point to determine the profit generated in a certain period or in other words, profitability is a ratio that reflects the company's profit. The greater the company's profitability, the smaller the company will experience financial distress. If the level of profitability is high, the company's performance is considered good because in this condition the company is able to generate high profits from operating activities. So that with a large company profit, it will reduce the use of debt which has an impact on the small potential for financial distress experienced by the company. The study stated that profitability had a positive effect on financial distress (Simanjuntak et al., 2017) , while the research conducted by proved that profitability had a negative effect on financial distress (Ardian et al., 2016). This means that the smaller the company generates profit, the greater the potential for the company to experience financial distress. However, it is different from the results of research conducted by proving that profitability has no effect on financial distress (Sari et al., 2019).

The third factor that affects financial distress is leverage. Leverage indicates how much the company relies on outsiders to finance the company's operations. The high value of leverage proves that the company's funding comes mostly from debt. If not managed properly, it will cause the company to experience financial difficulties. This happens because the higher the leverage, the higher the level of the company's debt which can cause financial distress. A high level of leverage indicates that the company relies heavily on outsiders to meet its needs. On the other hand, if the leverage level is low, it indicates that the company is able to meet its needs with its assets and capital. The study proved by Azalia & Rahayu (2019) that leverage has a positive effect on financial distress. Meanwhile, research proves   Suryani (2020) that leverage has a negative effect on financial distress. However, it is different from the results of research conducted by those who prove that the size of Aisha et al. (2017) that leverage does not affect financial distress.

The fourth factor that affects financial distress is firm size or company size. Assets are chosen to calculate the size of the company because assets are considered the most stable, therefore the size of the assets has a relationship with the company's finances. The larger the total assets owned by the company, the less likely the company is to experience financial distress. Companies with large total assets will find it easier to diversify so that the possibility of experiencing financial distress is very small. In addition, with a large total of assets, it is hoped that the company will be able to pay off its obligations in the future so that the company will avoid financial problems. On the other hand, the smaller the size of the company, the higher the potential for financial distress experienced by the company. Research conducted by proves that company size has a positive effect on financial distress (Saad & Abdillah, 2019). However, research proves that company size has a negative effect on financial distress. This is not in line with research finding that company size has no effect on financial distress.(Ngadi & Ekadjaja, 2019: Juhaeriah et al., 2021).

Another factor that also affects financial distress is sales growth. Sales growth describes how the percentage of a company's sales from year to year is. The increased sales growth ratio shows that the company is able to run and achieve the company's target because of the percentage of sales that increases from year to year. Companies with positive sales growth give a sign that the company's condition is good so that the company is less likely to experience, while on the other hand, continuous negative sales growth can indicate financial distress. The study proves that Juhaeriah et al. (2021) that sales growth has a positive effect on financial distress. Meanwhile, research conducted by proved Wibowo & Susetyo (2020) that sales growth has a negative effect on financial distress. This is not in accordance with research conducted by Suryani (2020) which proves that sales growth has no effect on financial distress.

This study aims to determine and analyze the influence of liquidity, profitability, leverage, firm size, and sales growth on the financial distress of property and real estate sector companies listed on the Indonesia Stock Exchange during 2017-2021.

LITERATURE REVIEW
Financial Distress
According to Platt & Platt (2002) the definition of financial distress as the stage of decline in financial conditions that occurs before bankruptcy or liquidation. Therefore, every company must make predictions because this financial distress condition helps to know the health condition of the company. Financial difficulties can occur in a company if it cannot manage its company properly, because if this condition is not overcome immediately, this will certainly have a bad impact on the continuity of the company in the future (Amanda & Tasman, 2019).

$$Z = 0,717X1 + 0,847X2 + 3,107X3 + 0,420X4 + 0,998X5 \tag{1}$$

Liquidity
According to Septiani & Dana (2019), the company's liquidity shows the company's ability to fund the company's operations and pay off the company's short-term obligations. If the company is able to fund and pay off its short-term obligations properly, the potential for the company to experience financial distress will be smaller. According to Liquidity, it is the company's capacity when paying its short-term responsibilities, namely paying current debts. A high level of liquidation conveys a sign that the company is experiencing a healthy condition, it assumes that the company's finances are in good or liquid condition (Septiani et al., 2021).

$$CR = \frac{Current\ Asset}{Current\ Liabilities} \tag{2}$$

Profitability
According to Wibowo & Susetyo (2020), the profitability ratio, it is the net end result of various policies and decisions, where this ratio is used as a measure of the company's ability to obtain profits from every rupiah of sales generated. In other words, the better the profitability ratio, the better it describes the company's ability to obtain high profits. The focus of the profitability ratio is to measure the profit that exists in the company.

$$ROA = \frac{Net\ Profit\ After\ Tax}{Total\ Asset} \tag{3}$$

Leverage
The leverage ratio is the ability of a company to pay all its obligations, both short-term and long-term if the company is dissolved (liquidated). The use of debt that is too high will harm the company because it will fall into the category of extreme leverage (extreme debt), namely the company is trapped in a high level of debt and it is difficult to release the debt burden (Fahmi, 2017). According to Rahma (2020), leverage is financing assets derived from debt that can show the level of risk faced by the company.

$$DER = \frac{Total\ Liabilities}{Total\ Equity} \qquad (4)$$

Firm size
According to Azalia & Rahayu (2019) the size of the company, it shows how much assets are owned by the company. The size of the company is often used as an indicator for the possibility of bankruptcy for a company, where a company with a larger size is seen as more able to face a crisis in running its business. The size of the company will be an added value for interested parties such as investors and creditors, because investors and creditors will not hesitate to invest and provide credit to the company so that the company will avoid financial distress conditions (Amanda & Tasman, 2019).

$$Firm\ Size = Ln\ (Total\ Aset) \qquad (5)$$

Sales growth
According to Pratiwi & Muslih (2020) sales growth or growth ratio is a ratio used to predict the company's future growth from the revenue generated for products and services, as well as the revenue generated by sales. Sales growth reflects the successful application of the company's investment in the past period and can be used as a prediction for the company's future growth. According to Simanjuntak et al. (2017) and Amanda & Tasman (2019) the increased sales growth ratio, it shows that the company is able to run and achieve the company's target because of the percentage of sales that increases from year to year.

$$Growth\ Sales\ Rate = \frac{Sales_t - Sales_{t-1}}{Sales_{t-1}} \qquad (6)$$

Influence Between Variables and Hypotheses
The Effect of Liquidity on Financial Distress
The liquidity ratio is used to indicate a company's ability to repay the company's current liabilities by using its current assets. When the value of the liquidity ratio is high, the company has the ability to meet its short-term debt obligations, on the other hand, if the value of the liquidity ratio is low, the company is not able to pay off its short-term debt. If the result of the comparison of current assets with current liabilities is greater, then the less potential for financial distress to occur in the company, while if the result of the comparison of current assets to current liabilities is smaller, then the higher the potential for financial distress in the company.
H1 = Liquidity has a negative influence on the Financial Distress of the Property & Real Estate sectorlisted on the IDX in the period 2017-2021.

The Effect of Profitability on Financial Distress
Profitability is a company's ability to generate profits as measured using Return on Asset (ROA). The higher the company's profitability shows the effectiveness and efficiency of the company's asset management and generates greater profits, the less likely the company is to experience financial distress, on the contrary, the lower the company's profitability indicates ineffective asset management and the smaller the ability to generate profits. A high profitability value has a lower likelihood that the company will experience financial distress. Meanwhile, if the profitability value is getting lower, the possibility of the company experiencing financial distress is even higher.
H2 = Profitability has a negative influence on the Financial Distress of the Property & Real Estate sector listed on the IDX in the period 2017-2021.

Effect of Leverage on Financial Distress
The leverage ratio is used to measure how well a company is able to pay off all of the company's debts, both long-term debt and short-term debt. If the company uses too much debt in its funding, it will result in long-term liabilities in the future and increase the possibility of the company experiencing financial distress. If the company relies too much on debt funds, there will be greater liabilities in the future, and it will result in the company being at risk of financial distress. The smaller the leverage, the better and safer it will be for a company and avoid the risk of financial distress.
H3 = Leverage has a positive influence on the Financial Distress of the Property & Real Estate sector listed on the IDX in the period 2017-2021.

The Effect of Firm Size on Financial Distress
The size of the company shows how much assets the company has. The bigger the company, the larger the assets owned, so the company has a deeper ability to fulfill its obligations. The amount of total assets owned by the company illustrates that the company has reached the stage of maturity, so called because the company's cash flow has been positive and is stated to have good prospects over a relatively long period of time. The larger the

company's total assets, have stable and strong the company's financial condition will be in financial distress. The smaller the company's total assets, the more likely it is for a company to experience financial distress.
H4 = Firm size has a negative influence on the Financial Distress of the Property & Real Estate sector listed on the IDX in the period 2017-2021

The Effect of Sales Growth on Financial Distress
Companies with positive sales growth provide a sign that the company's condition is good, while on the other hand, continuous negative sales growth can indicate financial distress. Sales growth reflects a company's ability to increase sales over time. The higher the sales growth rate of a company, the more successful the company is in carrying out its strategy in terms of marketing and product sales. Meanwhile, sales growth shows low numbers can cause companies to experience financial distress conditions due to sales that have fallen from the past period, which can affect the company's assets, profits, and debts. Based on this, it can be said that sales growth has a negative effect on financial distress.
H5 = Sales growth has a negative influence on the Financial Distress of the Property & Real Estate sector listed on the IDX in the period 2017-2021.
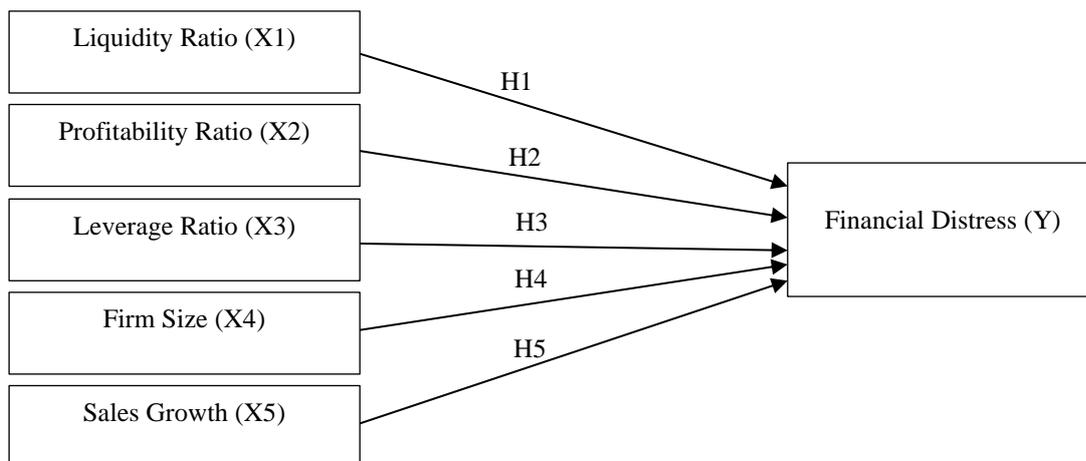

Figure 3. Framework of Thought

RESEARCH METHODS
Place and Time of Research
This research was carried out on Property and Real Estate Companies listed on the Indonesia Stock Exchange (IDX) with data input for 2017-2021. The data used in this study was accessed through www.idx.co.id. This research was carried out in October 2022 until completion.

Population and Sample
The Populationin this study is the Property & Real Estate sector companies listed on the Indonesia Stock Exchange for the 2017-2021 period, which is 46 companies. The sampling technique used in this study is the purposive sampling method. The purposive sampling method is also called judgement sampling, which is a method of sampling that is based on certain considerations, especially those given by a group of experts (Sugiyono, 2012)

Table 1. Sampling Criteria (Purposive Sampling)

No	Criterion	Sum
1.	Property and Real Estate sub-sector companies listed on the Indonesia Stock Exchange for 5 (five) consecutive years (2016, 2017, 2018, 2019 and 2020)	79 Companies
2.	Companies that consistently publish annual reports and financial statements during the period 2017-2021	(33 Companies)
	Number of Research Samples	46 Companies

Based on the criteria that have been determined in the 2017-2021 period, there are 46 sample companies out of 79 companies that meet the criteria that can be used as samples. The data used in the study are financial statements and annual reports downloaded from the Indonesia Stock Exchange (IDX) website (www.idx.co.id).

Operational Research Variables
The operational variables in this research shows in Table 2.

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Table 2. Operational Research Variables

Variable	Indicators / Formulas	Ref	Scale
Financial Distress (Y)	$Z = 0{,}717\,X1 + 0{,}847\,X2 + 3{,}107\,X3 + 0{,}420\,X4 + 0{,}998\,X5$	(Sutra & Mais, 2019)	Ratio
Liquidity (X_1)	$\dfrac{Current\ Assets}{Current\ Liabilities}$	(Kasmir, 2015)	Ratio
Profitability (X2)	$\dfrac{Net\ Profit\ After\ Tax}{Total\ Asset}$	(Kasmir, 2015)	Ratio
Leverage (x3)	$\dfrac{Total\ Liabilities}{Total\ Equity}$	(Fahmi, 2017)	Ratio
Firm size (X4)	Ln (Total Aset)	(Lukman et al., 2018)	Ratio
Sales growth (X5)	$\dfrac{Sales_t - Sales_{t-1}}{Sales_{t-1}}$	(Suryani, 2020)	Ratio

Data Analysis Techniques

The data analysis techniques used in this study are descriptive analysis, classical assumption test, multiple linear regression analysis, model test and hypothesis test. Data analysis was carried out with the help of the SPSS version 21 program. If the data is abnormal, testing will be carried out with the help of the Smart PLS program application. PLS (Partial Least Square) is a variant-based structural equation analysis (SEM) that can simultaneously test measurement models as well as structural model tests. Measurement models are used for validity and reliability tests, while structural models are used for causality tests (hypothesis testing with prediction models). PLS is one of the variant-based SEM statistical methods designed to solve multiple regressions when specific problems occur in the data.

RESULTS AND DISCUSSION

Variable Descriptive Statistics

Descriptive analysis of each variable is shown in Table 3. The Table 3 presents the average value of each variable of companies in the property & real estate sector in 2017-2021 which is the research sample. The variables of financial distress, liquidity, profitability, leverage, firm size and sales growth fluctuate every year. From 2017 to 2019 financial distress increased, but in 2021 financial distress increased.

Table 3. List of Real Estate Company Variable Descriptions in 2017-2021

Indicators	2017	2018	2019	2020	2021
Financial Distress (Y)	2.02	2.13	2.14	1.90	3.01
Liquidity (X_1)	3.07	3.12	3.27	3.03	4.74
Profitability (X2)	0.04	0.04	0.03	-0.01	0.03
Leverage (x3)	0.73	0.68	0.67	0.55	0.28
Firm size (X4)	29.01	29.08	29.13	29.12	29.14
Sales growth (X5)	0.05	0.03	0.06	-0.28	0.66

Source: Processed Data (2024)

From 2017 to 2019, companies in the property & real estate sector tend to experience an increase in liquidity. Although from 2017 to 2019 there was an increase in liquidity, but in 2020 there was a decrease in liquidity. In 2021, liquidity increased. From 2017 to 2018, companies in the property & real estate sector did not experience a change in profitability, but in 2018-2020 profitability decreased. In 2021, profitability has increased.

From 2017 to 2021, companies in the property & real estate sector tended to experience a decrease in leverage. Meanwhile, from 2017 to 2018, companies in the property & real estate sector tended to experience a decline in sales growth. Although from 2017 to 2018 there was a decrease in sales growth, but in 2019 there was an increase in sales growth. In 2020 there was a decline and in 2021 there was an increase in sales growth.

Testing the Overall Model Fit

To see the overall fit model, the following research results were used

Table 4. Hosmer & Lemeshow's Goodness Fit of Test

Step	Chi-Square	Df	Sig.
1	5.207	8	0.735

Source: SPSS Processed Data (2024)

Based on Table 4, it can be seen that the chi-square is obtained of 5.207 with a df of 8 and a significant value of 0.735. It should be noted that the value of 0.735 is greater than the significant value (α=0.05), therefore it is stated that the free variables are able to predict well and the model is said to be fit with the observation data.

Table 5. -2 Log Likelihood (Block 0)

Iteration		-2 Log likelihood	Coefficients Constant
Step 0	1	314.924	0.261
	2	314.923	0.262
	3	314.923	0.262

Source: SPSS Processed Data (2024)

The overall assessment of the regression model uses the value of -2 Log Likelihood, if there is a decrease in the second block compared to the first block, it can be concluded that the second regression model is better, as shown in tables 4.54 and 4.55 in the first block (block number = 0) the -2 Log Likelihood value is 314,923 and in the second block (block number = 1) the -2 Log Likelihood value is 193,582. The results can conclude that the second regression model is better at predicting financial distress.

Table 6. -2 Log Likelihood (Block 1)

Iteration		-2 Log Likelihood	Constant	LIK	PROF	LEV	FS	SG
Step 1	1	256.494	3.842	0.086	6.751	-0.090	-0.138	0.087
	2	213.573	5.611	0.304	15.305	-0.109	-0.222	0.066
	3	196.282	8.133	0.548	23.687	-0.105	-0.333	0.037
	4	193.642	9.384	0.689	28.385	-0.111	-0.388	0.022
	5	193.563	9.600	0.719	29.372	-0.113	-0.398	0.020
	6	193.562	9.606	0.720	29.407	-0.113	-0.398	0.019
	7	193.562	9.606	0.720	29.407	-0.113	-0.398	0.019

Source: SPSS Processed Data (2024)

Table 7. 2x2 Classification Table

			Predicted		
			FIN_DIS		Percentage
	Observed		Distress	Non Distress	Correct
Step 1	FIN_DIS	Distress	81	19	81.0
		Non Distress	22	108	83.1
	Overall Percentage				82.2

Source: SPSS Processed Data (2024I

Based on the 2x2 classification table above, the number of samples that did not experience financial distress was 22 + 108 = 130 companies. The sample that did not experience financial distress actually amounted to 22 samples and should have been 108 samples that did not experience financial distress but experienced financial distress, so the accuracy of the classification was 81%. The total sample that experienced financial distress was 81 + 19 = 100 companies. The sample that actually experienced financial distress was 81 companies and those who should have experienced financial distress but were not affected by financial distress were 19 companies, so the classification accuracy was 83.1%. The table above gives an overall percentage value of (108+81)/230= 82.2% which means that the accuracy of this research model is 82.2%.

Hypothesis Test Results

This analysis was carried out on the results of calculation and testing of secondary data on financial statements from a sample of 46 property & real estate companies listed on the Indonesia Stock Exchange in the period 2017-2021. This test was carried out by logistic regression method to test whether or not there is an influence of independent variables on dependent variables. Based on table 4.58, the logistic regression equation is obtained as follows:

$$FIN\_DIS = 9.606 + 0.720LIK + 29.407PROF - 0.113LEV - 0.398FS + 0.019SG + e \qquad (7)$$

Table 8. Logistic Regression Test Table

		B	S.E.	Wald	Df	Sig.	Exp(B)
Step 1	LIK	0.720	0.124	33.798	1	0.000	2.054
	PROF	29.407	5.081	33.491	1	0.000	5.905E+12
	LEV	-0.113	0.135	0.704	1	0.401	0.893
	FS	-0.398	0.133	9.027	1	0.003	0.671
	SG	0.019	0.148	0.017	1	0.896	1.020
	Constant	9.606	3.812	6.349	1	0.012	14853.945

Source: SPSS Processed Data (2024)

Based on the Table 8, it can be explained that (1) the liquidity variable has a significance value of 0.000 < 0.05. This means that if the significance value is less than the indicated significance value, the liquidity variable has a significant positive effect on financial distress, so it can be concluded that the first hypothesis test states that liquidity variables have an effect on financial distress. (2) The profitability variable has a significance value of 0.000 < 0.05. This means that if the significance value is less than the indicated significance value, the profitability variable has a significant positive effect on financial distress. So it can be concluded that the second hypothesis test states that the profitability variable has an effect on financial distress. (3) Theleverage ratio has a significance value of 0.401 > 0.05. This means that if the significance value is greater than the indicated significance value, the leverage variable is declared to have no effect in predicting financial distress, Sso it can be concluded that the third hypothesis test states that leverage has no effect on financial distress. (3) The firm size variable has a significance value of 0.003 < 0.05. This means that if the significance value is smaller than hinted, the firm size variable has a significant negative effect on financial distress, so it can be concluded that the fourth hypothesis test states that the firm size variable has a negative effect on financial distress. (4) The sales growth variable has a significance value of 0.896 > 0.05. This means that if the significance value is greater than the indicated significance value, the sales growth variable is declared to have no effect in predicting financial distress, so it can be concluded that the third hypothesis test states that sales growth has no effect on financial distress.

Discussion
The Effect of Liquidity on Financial Distress
It can be seen in the descriptive analysis table that the average value of liquidity and financial distress as a whole from 2017-2021 tends to fluctuate. The positive influence can be shown from the chart, where when liquidity increased in 2020-2021, while financial distress also increased in 2020-2021. Based on the movement of the average value of liquidity and financial distress, it can be concluded that liquidity has a positive influence on financial distress.

In line with the descriptive analysis, the results of the research carried out were obtained that liquidity has a significant and positive influence on financial distress, where the results show that the higher the company's liquidity, the higher the financial distress of a company. This result is different from the experts' theory that the higher the liquidity, the lower the financial distress in a company.

The results of this study are in line with the results of research conducted by Ardian et al. (2016) Liquidity measured by Current Ratio (CR) on financial distress saying that liquidity has a positive effect on financial distress. In contrast to the results of research conducted by Rahma (2020) saying that liquidity has no effect on financial distress.

The Effect of Profitability on *Financial Distress*
It can be seen in the descriptive analysis table that the average value of profitability and financial distress as a whole from 2017-2021 tends to fluctuate. The positive influence can be shown from the graph, where when profitability increased in 2020-2021, while financial distress also increased in 2020-2021. Based on the movement of the average value of proftability and financial distress, it can be concluded that profitability has a positive influence on financial distress.

In line with the descriptive analysis, the results of the research carried out were obtained that profitability has a significant and positive influence on financial distress, where the results show that the higher the company's profitability, the higher the financial distress of a company. This result is different from the theory of experts that the higher the profitability, the lowerthe financial distress in a company.

The results of this study are in line with the results of research conducted by about profitability measured by Saputra & Salim (2020) Return On Asset (ROA) affecting financial distress saying that profitability has a positive effect on financial distress. In contrast to the results of research conducted by Suryani (2020), saying that profitability has no effect on financial distress.

Effect of Leverage on Financial Distress

It can be seen in the descriptive analysis table that the average value of leverage and financial distress as a whole from 2017-2021 tends to fluctuate. The negative influence can be shown from the chart, where when leverage decreased in 2019-2021, while financial distress also increased in 2020-2021. Based on the movement of the average value of leverage and financial distress, it can be concluded that leverage has a negative influence on financial distress.

In line with the descriptive analysis, the results of the research carried out were obtained that leverage has an insignificant and negative influence on financial distress, where the results show that the lower the company's leverage, the higher the financial distress of a company and vice versa. This result is different from the experts' theory that the smaller the leverage, the better and safer it will be for a company and avoid the risk of financial distress.

The results of this study are in line with the results of research conducted by Ngadi & Ekadjaja (2019) about leverage measured by Debt to Equity Ratio (DER) affecting financial distress saying that leverage has a negative effect on financial distress. In contrast to the results of research conducted by (Faldiansyah et al., 2020) saying that leverage has no effect on financial distress.

The Effect of Firm Size on Financial Distress

It can be seen in the descriptive analysis table that the average value of firm size and financial distress as a whole from 2017-2021 tends to fluctuate. The positive influence can be shown from the chart, where when firm size increased in 2020-2021, while financial distress also increased in 2020-2021. Based on the movement of the average firm size and financial distress, it can be concluded that firm size has a positive influence on financial distress.

However, not in line with the descriptive analysis, the results of the research carried out were obtained that firm size has a significant and negative influence on financial distress, where the results show that the higher the firm size of the company, the lower the financial distress of a company and vice versa. This result is in line with the theory of experts that the larger the company's total assets, the more stable and strong the company's financial condition will be in financial distress. The smaller the company's total assets, the more likely it is for a company to experience financial distress.

The results of this study are in line with the results of research conducted by Firm Size Affects Financial Distress saying that firm size has a negative effect on financial distress. In contrast to the results of research conducted by   Ngadi & Ekadjaja (2019) and Juhaeriah et al. (2021) saying that firm size has no effect on financial distress.

The Effect of Sales Growth on Financial Distress

It can be seen in the descriptive analysis table that the average value of sales growth and financial distress as a whole from 2017-2021 tends to fluctuate. The negative influence can be shown from the graph, where when sales growth increased in 2020-2021, while financial distress also increased in 2020-2021. Based on the movement of the average value of sales growth and financial distress, it can be concluded that sales growth has a positive influence on financial distress.

In line with the descriptive analysis, the results of the research carried out were obtained that sales growth has an insignificant and positive influence on financial distress, where the results show that the higher the company's sales growth, the higher the financial distress of a company. This result is different from the theory of experts that the higher the sales growth rate of a company, the more successful the company is in carrying out its strategy in terms of marketing and product sales. Meanwhile, sales growth shows low numbers can cause companies to experience financial distress conditions due to sales that have fallen from the past period, which can affect the company's assets, profits, and debts.

The results of this study are in line with the results of research conducted by Sutra & Mais (2019) and Suryani (2020) about sales growth affecting financial distress saying that sales growth has a negative effect on financial distress. In contrast to the results of research conducted by saying that firm size has no effect on financial distress.

CONCLUSION

This study aims to find out how much the influence of liquidity, profitability, leverage, firm size and sales growth on financial distress in property & real estate companies on the Indonesia Stock Exchange with the research year 2017 to 2021. Based on the results of logistical regression, the following conclusions can be drawn: (1) The liquidity ratio proxied with the Current Ratio (CR) has a positive influence on financial distress. (2) The ratio of profitability proxied to Return on Assets (ROA) has a positive effect on financial distress. (3) The leverage ratio proxied to the Debt to Equity Ratio (DER) has no effect on financial distress. (4) Firm size has a negative influence on financial distress. (5) Sales growth has no effect on financial distress.

Based on the results of the research, discussion, and conclusions obtained, the suggestions that can be given are as follows: (1) For the Company to consider the factors of liquidity, profitability, and firm size because the results of the study show that these factors affect the efficiency of internal distress so that it can be used as a basis to take corrective actions as soon as possible if there are indications that the company is experiencing financial distress , especially regarding (2) For Potential Investors to be able to sort before investing their funds in order to be able to assess the company properly. From the results of this study, it is hoped that before investing, prospective investors will consider the influence of the company's liquidity value, profitability, and firm size to avoid losses so that the decision taken can be appropriate in investing their funds. (3) For Academics and/or Further Research to select company sectors that often experience financial distress such as the mining sector and add a longer year of observation so that the results can be generalized. Academics can also consider leverage and sales growth factors to be valid for future years and add other factors outside of this research such as operating cash flow, corporate governance mechanisms, and others.

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